

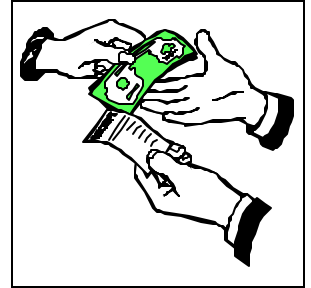
SECTION K - CLOSEOUT

1. OVERVIEW

The closeout process in the CDBG Program takes place when:

- ◆ **the project is complete,**
- ◆ **monitoring has occurred, and**
- ◆ **all of the CDBG funds have been spent by the grantee.**

It involves the completion of one, final packet of information which certifies that the funds have been properly spent, an audit will be done, a description of what was actually, finally completed as it compares to the contract scope of work, and definition of who actually benefited from the project. The grantee also releases the state from any further obligation with regard to this contract.



It is very important that the grantee complete this final report in that it becomes the basis on which full compliance is measured and on which future grants are based.

At the appropriate time in the contract process the grantee will receive a closeout packet from the state to complete, included with a letter indicating that the grantee has satisfied any concerns or issues identified in the monitoring letter. The Close Out packet will be sent after the following criteria have been met.

- All costs to be paid with program funds have been incurred, paid and invoiced/drawn down by the grantee.
- The project has been monitored by the State and the grantee has resolved any outstanding issues.
- The Grantee has fulfilled all of its contractual obligations as identified in the contract between DCD and the grantee. The state has determined and so notified the grantee that the state has no further state interest in keeping the contract open.

Please insure that the project manager is the one who completes the closeout packet as the person who has the first hand knowledge of what actually took place in the project.

2. GRANTEE CLOSEOUT PROCEDURES

The Grantee shall:

- a. Submit a final request for funds with copies of checks for any allowable reimbursable costs not covered by all previous payments that the grantor agency is obligated to pay, if it has not already done so.
- b. Immediately refund or disperse any unobligated balance of cash advance to the Grantee.
- c. Submit, within 90 days of the date of expiration or termination, all financial, performance and other reports required by the terms of the grant and as a result of final monitoring issues.

- d. Retain all financial and programmatic records for a minimum of five years from the day the Grantee receives its closeout certificate.
- e. Disposition of equipment. Disposition depends on cost (more than \$5,000) and use for authorized uses:

§ 85.32 Equipment. (e) Disposition when original or replacement equipment acquired under a grant or sub-grant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained or sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) In cases where a grantee or sub-grantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or sub-grantee to take excess and disposition actions. This equipment shall be identified on the appropriate page in the closeout packet.

- f. **§ 85.33 Supplies.**

(a) **Title.** Title to supplies acquired under a grant or sub-grant will vest, upon acquisition, in the grantee or sub-grantee respectively.

(b) **Dispositions.** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or sub-grantee shall compensate the awarding agency for its share.

- g. Complete and return the “closeout packet” with all supporting documentation, within 30 days of receiving it from the State.
- h. The State has the right to recapture any funds determined as ineligible expenditures identified as a result of this information and identified in the audit process.
- i. When the closeout packet is accepted a Certificate of Completion will be sent to the Grantee.

CLOSE OUT PACKET

INSTRUCTIONS TO COMPLETE

CLOSE OUT

You are responsible for the orderly and timely close-out of any sub-contracts you may have in connection with the grant and the financial settlement of sub-contractor claims. Your sub-contractor(s) should be advised to prepare their claims or invoices and submit them directly to you. Charges should be itemized in the same detail and manner as required of you by the State since these sub-contract costs will be included in your final financial reports submitted to the State. It is suggested that you require all sub-contractors to submit close-out data, final reports, and final claims in time for you to comply with the 30-day (calendar) limitation for completion of your close-out packet.

ENCLOSURES AND INSTRUCTIONS

Transmittal Letter for Close-out Packet

Enter the grantee name & address, contract number, and grant period. Have the transmittal letter signed by an authorized official signature.

ENCLOSURE 1. GRANTEE'S RELEASE FORM

- a. Contract Number.
- b. The total amount shown should be the total amount of CDBG money actually received and used by the Grantee even if it is less than the original contract amount and should reflect the total of costs incurred through the expiration date of the contract.
- c. The form must be signed by the authorized elected official representative of your agency.
- d. The form must be witnessed.

ENCLOSURE 2. EXPLANATION AND BREAKDOWN OF REFUND CHECK TO THE STATE

If applicable, complete the form. State the amount of any refund check and give explanation as to why money is being or has been returned. If no money is being returned, write "not applicable."

ENCLOSURE 3. FINAL FINANCIAL STATUS REPORT

Prepare a Final Financial Status Report: Enter the grantee name.

- a. 3-A: Is a list of expenditures in summary form. Place the expenditure information in the category to which it applies. The total in this section applies only to the CDBG grant amount.
- b. 3-B: List any program income (in almost all cases there should NOT be any!) If none, write "ZERO." Write N/A if program income is not applicable.
- c. 3-C: Choose the national objective under which your project applied. Answer only that one section completely.

- d. 3-D: List all sources of funding for the total project. This will include the grant amount on line #1 and any others on the appropriate lines.

ENCLOSURE 4. BENEFICIARIES

Complete the chart of beneficiaries by identifying the number of beneficiaries, low/moderate income beneficiaries, etc. by following the steps below and breaking each total into the minority groups shown.

LMI BENEFICIARIES INSTRUCTIONS

1 - Number of Beneficiaries: Beneficiary information must be collected by “persons” or “households” based on the type of activity funded. See enclosure 4 for guidelines. If there is an activity that doesn’t fit into any of the categories, please call your CDBG program specialist for direction.

2 - Items 1 and 2 require the number of beneficiaries by race. The TOTAL number of beneficiaries must equal the number of African American + Asians/Pacific Islanders + Caucasian + Hispanic + Native American/Alaskan Native. Any person or household that doesn’t easily fit into one of the 5 categories should be added to the Hispanic tally.

EXAMPLE : TOTAL = 54
 African American = 20
 Asian/Pacific Islander = 1
 Caucasian = 25
 Hispanic = 4
 Native American/Alaska Native = 4

 Total = 54

ENCLOSURE 5. INDEPENDENT AUDITOR'S REPORT

- a. Include a copy of the audit report, if one has been completed which includes the time period during which CDBG funds were received.
- b. If an audit has not been completed, supply information requested. **WHEN THE AUDIT IS COMPLETED, A COPY MUST BE SENT TO DIVISION OF COMMUNITY DEVELOPMENT.**

ENCLOSURE 6. FINAL PROGRESS REPORT

Enclosure 6 – Part 1 Instructions (Business opportunities, contracts and subcontracts)

To Assure that Grantees Do Not Discriminate in Procurement

Section 3 of the Housing and Urban Development Act of 1974 provides that contracts awarded through CDBG should be awarded to businesses located in the project area or businesses owned in substantial part by residents of the project area.

This report is to be used by CDBG grantees to maintain a list of contracts, subcontracts and agreements for professional services (such as engineering or auditing) regardless of size. All contracts, subcontracts and agreements for professional services funded with CDBG funds must be entered. In addition, purchases of over \$500.00 for materials, supplies or equipment must also be entered on the form.

The form should be filled out on an on-going basis; as a contract is awarded or a purchase of over \$500.00 is made. The contractor or supplier should be entered on the form. Thus, if more than one contract or purchase is entered into with the same firm, the firm should be entered on the form as many times as necessary. The form should be kept in the CDBG contract file and a copy of the most recent updated version returned with each quarterly report.

Complete the form as follows:

- A) Grantee Name and Contract Number.
- B) Date of contract or purchase: Enter the date, the contract or subcontract is signed or a purchase of over \$500.00 is made.

Contractor/subcontractor/suppliers name and address: Enter the name and address for each firm being utilized. The address needs to be provided only one time per form. This list includes all sub contracts entered into, either by the General Contractor or the Grantee.
- C) Type of Trade: Enter the numeric code (1-3) which best indicates the contractors/subcontractors/suppliers service in the case of a subcontractor, the type of activity code would be for the subcontractor -- not the prime contractor.
- D) Amount of Contract: Enter the dollar amount of the contract, subcontract or purchase. Round the figures to the nearest dollar. In the case of the subcontractor, the dollar amount would be for the subcontractor -- not the prime contractor.
- E) Business Racial/Ethnic Code: Enter the numeric code (1-5) that indicates the ethnic background of the contractor/subcontractor/supplier. To be classified as a particular racial/ethnic category, a business entity must be 51% or more owned and controlled by a single racial/ethnic category. Enter the code for the group that seems most appropriate.
- F) Local-Owned Business: Check this box if the business firm is located within the boundaries of your government entity.
- G) Woman-Owned Business: Check this box if the business firm is 51% or more owned and controlled by a woman or women.

Enclosure 6 – Part 2 Instructions (Staff breakdown by sex, race and handicap)

To Assure that Grantees Do Not Discriminate in Employment

If the Grantee is passing the dollars through to the sub-recipient, then Enclosure 6 is applicable to the sub-recipient.

The form requires that you record the number of employees employed by the recipient jurisdiction by gender, national origin and handicap according to the amount of pay they receive annually.

Also you must indicate when the employee was hired within the timeframes available on the form.

Finally, please indicate the field of service that best describes the labor classification of each employee.

Please document all of the jurisdictions full-time employees, not just those involved with CDBG activities. The documentation of part-time or seasonal employees is optional and requires the use of a second form. A copy of the completed form should be sent to the State and a copy kept in your CDBG file.

ENCLOSURE 7. CDBG PROPERTY REGISTER

- a. List the description and cost of all property acquired with CDBG funds for \$1,000.00¹ or more.
- b. Note the percent of CDBG funds used in the purchase.
- c. List the current location of the property.
- d. Report on whether the property is still in the Grantee's possession or has been disposed of.

After all the above documents have been satisfactorily completed and returned to the State, a Certificate of Completion will be sent you for inclusion in your CDBG file.

8. CLOSE OUT CERTIFICATION

This letter will not be part of the close out packet. A completed copy of this certificate will be sent to the grantee after the final review of the close out packet and audit.

¹This list should not include items purchased for construction.